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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
STEVENS COMMUNITY MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 660

City or town, state or country, and ZIP + 4
MORRIS, MN 56267

D Employer identification number
36-3311936

E Telephone number
(320) 589-1313

G Gross receipts $ 38,004,880

F Name and address of principal officer
JOHN RAU
PO BOX 660
MORRIS, MN 56267

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW SCMCINC ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1984

M State of legal domicile MN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROMOTION OF HEALTH

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	369
6	Total number of volunteers (estimate if necessary)	**6**	132
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	413
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	113,032	156,671
9	Program service revenue (Part VIII, line 2g)	37,064,417	37,492,772
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	361,836	284,359
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	54,376	54,147
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,593,661	37,987,949
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	26,656	20,592
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	20,208,768	21,545,797
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	15,109,142	14,942,991
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	35,344,566	36,509,380
19	Revenue less expenses Subtract line 18 from line 12	2,249,095	1,478,569

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	48,218,647	43,816,556
21	Total liabilities (Part X, line 26)	17,644,664	11,760,896
22	Net assets or fund balances Subtract line 21 from line 20	30,573,983	32,055,660

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

****** | 2012-08-14
Signature of officer | Date

JOHN RAU PRESIDENT/CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: KIM HUNWARDSEN CPA	Date 2012-08-14	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions) P00484560
Firm's name (or yours if self-employed), address, and ZIP + 4: EIDE BAILLY LLP, 800 NICOLLET MALL STE 1300, MINNEAPOLIS, MN 554027033			EIN ▶ 45-0250958; Phone no ▶ (612) 253-6500

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

STEVENS COMMUNITY MEDICAL CENTER'S MISSION IS TO STRIVE FOR EXCELLENCE IN THE DELIVERY OF INPATIENT AND OUTPATIENT CARE THROUGH COOPERATION WITH QUALIFIED HEALTH CARE PROVIDERS, THROUGH THE PROVISION OF APPROPRIATE FACILITIES AND TECHNOLOGY, AND THROUGH ACTIVE PROMOTION OF HEALTH EDUCATION AMONG THE PUBLIC OUR PLEDGE TO THE RECIPIENTS OF THIS MEDICAL CENTER'S HEALTH CARE IS TO ADDRESS THEIR NEEDS IN AS EXPERT, EFFICIENT, COMPASSIONATE, AND CONVENIENT MANNER AS POSSIBLE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 30,697,670 including grants of $ 20,592) (Revenue $ 37,492,359)

STEVENS COMMUNITY MEDICAL CENTER IS A NOT-FOR-PROFIT INTEGRATED HEALTH CARE SYSTEM THE MISSION OF THE MEDICAL CENTER IS TO MAKE AVAILABLE HIGH QUALITY HEALTH CARE THE MEDICAL CENTER SERVES THE POPULATION OF WEST CENTRAL MINNESOTA AND IS BECOMING A REGIONAL HEALTH CARE CENTER "CARING IS OUR REASON FOR BEING"SCMC PROVIDES QUALITY MEDICAL HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF SCMC, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES TO FURTHER THAT, OUR MISSION IS TO SERVE THE COMMUNITY WITH RESPECT TO PROVIDING HEALTH CARE SERVICES AND HEALTH CARE EDUCATION FOR EXAMPLE, THE MEDICAL CENTER IS COMMITTED TO PROVIDING MEDICAL SERVICES TO ALL MEMBERS OF ITS COMMUNITY, PROVIDE FREE CARE AND/OR SUBSIDIZED CARE, PROMOTE HEALTH ACTIVITIES AND PROGRAMS TO SUPPORT THE COMMUNITY, AND PROVIDE CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST THEREFORE, FINANCIAL ASSISTANCE WILL BE CONSIDERED WHERE THE NEED AND/OR AN INDIVIDUAL'S INABILITY TO PAY EXISTS SCMC HAD 30,884 HOSPITAL OUTPATIENT VISITS, 30,777 CLINIC AND URGENT CARE VISITS, 4,459 INPATIENT DAYS, 7,605 OUTPATIENT COUNSELING VISITS, 90 DELIVERIES, 747 SURGERIES, 2,650 EMERGENCY ROOM VISITS, AND 18,762 THERAPY TREATMENTS IN 2011 SCMC ALSO OWNS AND OPERATES THE COURAGE COTTAGE, AN ADULT FOSTER CARE FACILITY SPECIALIZING IN CARE FOR THE TERMINALLY ILL 30 RESIDENTS WERE SERVED IN 2011, AND THE COST TO PROVIDE THEIR CARE WAS SUBSIDIZED BY COMMUNITY DONATIONS RECOGNIZING ITS MISSION TO THE COMMUNITY, SCMC PROVIDES SERVICES TO MEDICARE, MEDICAID, AND OTHER PATIENTS COVERED BY GOVERNMENTAL PROGRAMS, SOMETIMES AT A REIMBURSEMENT BELOW COST THE TOTAL DISCOUNTS ACCEPTED FOR PROVIDING CARE TO PATIENTS WAS $23,013,758 IN 2011 THE CHARGES FOREGONE FOR SERVICES SUPPLIED UNDER SCMC'S CHARITY CARE POLICY (FREE AND/OR SUBSIDIZED CARE) WAS $742,190 IN 2011 CHARITY CARE IS ALSO PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE SCMC PROGRAMS AND INFORMATION OFFERED THROUGHOUT THE YEAR BASED ON ACTIVITIES AND SERVICES WHICH SCMC BELIEVES WILL SERVE A BONA FIDE COMMUNITY NEED THESE INCLUDE VARIOUS BROCHURES TO EDUCATE PATIENTS, STAFF SPEAKING FOR A VARIETY OF COMMUNITY EVENTS INCLUDING SCMC SPONSORED "HEALTH NIGHTS," ELDERLY AND ADULT EDUCATION, SPONSORING A SMOKING CESSATION PROGRAM AND A VARIETY OF OTHER "WELLNESS" TYPE PROGRAMS AT SUBSIDIZED COST, PROVIDING MEETING FACILITIES FOR VARIOUS COMMUNITY GROUPS, OFFERING SUPPORT GROUPS, AND PROVIDING ASSISTANCE TO EDUCATORS THROUGH OUR WORK WITH STUDENT NURSES

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 30,697,670

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	126		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	369			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b			No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b		No
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ MN

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

KERRIE MCEVILLY
400 E 1ST ST
MORRIS, MN 56267
(320) 589-7627

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID PAUL CHAIR	1 00	X		X				245	0	0
(2) PAUL GRONEBERG VICE CHAIR	1 00	X		X				240	0	0
(3) JAN HAGEN TREASURER	1 00	X		X				270	0	0
(4) WARD VOORHEES SECRETARY	1 00	X		X				210	0	0
(5) PIERANNA GARAVASO DIRECTOR	1 00	X						225	0	0
(6) JODI DECAMP DIRECTOR	1 00	X						225	0	0
(7) BART FINZEL DIRECTOR	1 00	X						200	0	0
(8) PAUL MARTIN DIRECTOR	1 00	X						250	0	0
(9) MARK FREDERICKSON DIRECTOR (THRU 9/11)	1 00	X						150	0	0
(10) OLYN WERNSING MD DIRECTOR / PHYSICIAN	40 00	X						201,018	0	30,069
(11) KIM TATSUMI MD DIRECTOR / PHYSICIAN	40 00	X						205,000	0	32,532
(12) JOAN LUNZER MD DIRECTOR / INTERNIST	40 00	X						215,352	0	29,278
(13) JOHN RAU PRESIDENT / CEO	40 00	X		X				272,880	0	39,511
(14) KERRIE MCEVILLY DIRECTOR OF FINANCE/IS	40 00			X				136,968	0	24,990
(15) ANDREA GIAMBI DO RADIOLOGIST	40 00					X		614,470	0	20,721
(16) MICHAEL HOLTE MD ORTHOPEDIC SURGEON	40 00					X		647,637	0	30,622
(17) RANDELL LUSSENDEN CRNA	40 00					X		424,667	0	29,283

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JACK MUTNICK MD ALLERGIST	40 00					X		602,829	0	28,684
(19) JAMES GREEN MD ORTHOPEDIC SURGEON	40 00					X		646,768	0	18,750
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,969,604	0	284,440

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 25

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
NORTH STAR PHYSICIANS SERVICES 2680 28TH AVE SW CAMBRIDGE, MN 55008	ER AND URGENT CARE MD SERVICES	1,007,400
NOVACARE REHABILITATION 4714 GETTYSBURG RD MECHANICSBURG, PA 17055	THERAPY SERVICES	536,311
SIEMENS MEDICAL SOLUTIONS USA 51 VALLEY STREAM PARKWAY MALVERN, PA 19355	IS SUPPORT/IMPLEMENTATION	372,753
BETH JACKSON 151 20TH STREET S BENSON, MN 56215	CRNA SERVICES	293,900
TECHNICAL LIFE CARE MEDICAL CO 4601 WESTON WOODS WAY WHITE BEAR TOWNSHIP, MN 55127	EQUIPMENT SUPPORT	284,909

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 10

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	156,671			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		156,671			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENU	622110	37,380,273	37,380,273		
	b	SUPPORTING REVENUE	900099	112,086	112,086		
	c	NON PATIENT SALES	900099	413		413	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		37,492,772			
	3	Investment income (including dividends, interest and other similar amounts)		285,695			285,695
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	52,110				
	b	Less rental expenses	0				
	c	Rental income or (loss)	52,110				
	d	Net rental income or (loss)		52,110			52,110
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		500			
	b	Less cost or other basis and sales expenses		1,836			
	c	Gain or (loss)		-1,336			
	d	Net gain or (loss)		-1,336			-1,336
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a	17,132			
	b	Less cost of goods sold	b	15,095			
	c	Net income or (loss) from sales of inventory		2,037			2,037
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d					
	12	**Total revenue.** See Instructions		37,987,949	37,492,359	413	338,506

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	20,592	20,592		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,172,555	708,531	464,024	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	16,653,517	13,856,382	2,797,135	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	848,242	709,779	138,463	
9	Other employee benefits	1,792,977	1,479,113	313,864	
10	Payroll taxes	1,078,506	882,827	195,679	
11	Fees for services (non-employees)				
a	Management				
b	Legal	13,759		13,759	
c	Accounting	58,427		58,427	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	4,071,018	3,812,666	258,352	
12	Advertising and promotion	118,484	38,782	79,702	
13	Office expenses	2,270,426	1,562,016	708,410	
14	Information technology	377,364		377,364	
15	Royalties . .				
16	Occupancy	428,421	39,821	388,600	
17	Travel	152,495	143,963	8,532	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	44,181	34,782	9,399	
20	Interest	506,615	506,615		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,102,441	2,102,441		
23	Insurance	423,324	423,324		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	3,109,978	3,109,978		
b	BAD DEBTS EXPENSE	695,755	695,755		
c	MN CARE TAX	570,303	570,303		
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	36,509,380	30,697,670	5,811,710	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		123,070	1	165,691
	2	Savings and temporary cash investments		8,582,746	2	5,443,823
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,135,454	4	6,716,668
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,121,681	8	1,160,517
	9	Prepaid expenses and deferred charges		345,037	9	338,974
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 33,128,380			
	b	Less accumulated depreciation	10b 16,664,955	18,031,002	10c	16,463,425
	11	Investments—publicly traded securities		12,383,680	11	13,286,185
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		495,977	15	241,273
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		48,218,647	16	43,816,556
Liabilities	17	Accounts payable and accrued expenses		4,831,347	17	4,442,229
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		11,247,317	20	6,006,167
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties		1,400,000	24	1,312,500
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		166,000	25	0
	26	**Total liabilities.** Add lines 17 through 25		17,644,664	26	11,760,896
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		30,481,358	27	31,944,268
	28	Temporarily restricted net assets		92,625	28	111,392
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		30,573,983	33	32,055,660
	34	Total liabilities and net assets/fund balances		48,218,647	34	43,816,556

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	37,987,949
2	Total expenses (must equal Part IX, column (A), line 25)	2	36,509,380
3	Revenue less expenses Subtract line 2 from line 1	3	1,478,569
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	30,573,983
5	Other changes in net assets or fund balances (explain in Schedule O)	5	3,108
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	32,055,660

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☑ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 36-3311936
Name: STEVENS COMMUNITY MEDICAL CENTER

Form 990, Special Condition Description:

Special Condition Description

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Part I **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II **Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☑ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	28,281
d Additions during the year	1d	17,132
e Distributions during the year	1e	20,240
f Ending balance	1f	25,173

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☑ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		262,917		262,917
b Buildings		19,063,734	7,807,787	11,255,947
c Leasehold improvements				
d Equipment		13,425,163	8,659,788	4,765,375
e Other		376,566	197,380	179,186
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				16,463,425

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	37,987,949
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	36,509,380
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,478,569
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	3,108
9	Total adjustments (net) Add lines 4 - 8	9	3,108
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,481,677

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	37,972,290
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	142,949		
e	Add lines **2a** through **2d**			2e	142,949
3	Subtract line **2e** from line **1**			3	37,829,341
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	158,608		
c	Add lines **4a** and **4b**			4c	158,608
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	37,987,949

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	36,509,380
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	36,509,380
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	36,509,380

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
	PART IV, LINE 1B	THE ORGANIZATION HOLDS THE ASSETS FOR THE STEVENS COMMUNITY MEDICAL CENTER LADIES' AUXILIARY/GIFT SHOP THE ASSETS ARE NOT INCLUDED ON THE BOOKS OF THE MEDICAL CENTER THE REVENUE AND EXPENSE HAVE BEEN RECORDED ON THE APPLICABLE LINES OF THE FORM 990
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE MEDICAL CENTER BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS THE MEDICAL CENTER WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED
PART XI, LINE 8 - OTHER ADJUSTMENTS		AUXILIARY CONTRIBUTION ELIMINATED FOR TAX 5,145 AUXILIARY ACTIVITY INCLUDED FOR TAX -2,037 TOTAL TO SCHEDULE D, PART XI, LINE 8 3,108
PART XII, LINE 2D - OTHER ADJUSTMENTS		NET ASSETS RELEASED FROM RESTRICTIONS FOR OPERATIONS 137,804 CONTRIBUTION FROM AUXILIARY ELIMINATED FOR TAX 5,145
PART XII, LINE 4B - OTHER ADJUSTMENTS		CONTRIBUTIONS RECORDED IN FUND BALANCE FOR FINANCIAL STATEMENTS 156,571 AUXILIARY INCOME NOT INCLUDED IN FINANCIAL STATEMENTS 2,037

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☑ 100% ☐ 150% ☐ 200% ☐ Other ____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 190.000000000000 %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			429,954		429,954	1 200 %
b Medicaid (from Worksheet 3, column a)			3,355,812	2,259,487	1,096,325	3 060 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			3,241,504	2,413,565	827,939	2 310 %
d **Total** Charity Care and Means-Tested Government Programs			7,027,270	4,673,052	2,354,218	6 570 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			124,398		124,398	0 350 %
f Health professions education (from Worksheet 5)			10,359		10,359	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			8,333		8,333	0 020 %
j **Total** Other Benefits			143,090		143,090	0 400 %
k **Total.** Add lines 7d and 7j			7,170,360	4,673,052	2,497,308	6 970 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			20,097		20,097	0 060 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other			69,291		69,291	0 190 %
10	**Total**			89,388		89,388	0 250 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	652,755		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	173,946		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	9,844,955
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,747,480
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	97,475
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b		No

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	STEVENS COMMUNITY MEDICAL CENTER 400 EAST 1ST STREET MORRIS,MN 56267	X	X			X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

STEVENS COMMUNITY MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 190 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**14**	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☑ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**16**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **4**

	Name and address	Type of Facility (Describe)
1	STEVENS COMMUNITY MEDICAL CENTER 400 EAST 1ST STREET MORRIS,MN 56267	FAMILY PRACTICE CLINIC/SPECIALTY CLINIC
2	STARBUCK CLINIC 501 POLER STREET STARBUCK,MN 56381	FAMILY PRACTICE CLINIC
3	SCMC SPECIALTY CLINIC 7900 CHAPIN DRIVE NE NEW LONDON,MN 56273	SPECIALTY CLINIC
4	COURAGE COTTAGE 409 EAST 1ST STREET MORRIS,MN 56267	ADULT FOSTER CARE FACILITY
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 3C THE ORGANIZATION PROVIDES A 20% TO 80% DISCOUNT WHEN INCOME LEVELS MEET 190% DOWN TO 101% OF THE FEDERAL POVERTY GUIDELINES (FPG) FOR EXAMPLE, AN 80% DISCOUNT IS GIVEN FOR INCOME RANGES FROM 101% TO 120% OF THE FPG

Identifier	ReturnReference	Explanation
		PART I, LINE 6A THE COMMUNITY BENEFIT REPORT IS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE, MEDICAID AND OTHER MEAN'S TESTED WAS CONVERTED TO COST USING THE COST-CHARGE-RATIO DERIVED FROM WORKSHEET 2 COMMUNITY HEALTH IMPROVEMENT SERVICES, HEALTH PROFESSIONS EDUCATION, AND CASH AND IN-KIND CONTRIBUTIONS ARE REPORTED BASED ON ACTUAL EXPENSES RECORDED TO THE GENERAL LEDGER

Identifier	ReturnReference	Explanation
		PART I, LINE 7G N/A

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM THE DENOMINATOR OF THE CALCULATION WAS $695,755

Identifier	ReturnReference	Explanation
		PART II IN 2011, SCMC SUPPORTED SEVERAL SIGNIFICANT HEALTH RELATED COMMUNITY INITIATIVES SUCH AS THE REGIONAL FITNESS CENTER, HABITAT FOR HUMANITY, AND THE LOCAL CHAPTER OF THE AMERICAN CANCER SOCIETY TO NAME JUST A FEW WE ALSO PAID OVER $69,000 IN LOCAL REAL ESTATE TAXES FOR OUR THREE MEDICAL CLINICS, WHICH WOULD CERTAINLY HAVE A POSITIVE IMPACT ON THE HEALTH OF THE COMMUNITIES WE SERVE

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS 20% BECAUSE THAT IS THE AMOUNT OF APPLICATIONS THAT WERE DENIED DUE TO LACK OF INFORMATION OR NO RESPONSE TO CHARITY CARE APPLICATION PROCESS THE FULL AMOUNT OF THIS IS NOT REFLECTED IN PART I, LINE 7 AND IS CONSIDERED COMMUNITY BENEFIT HAD THE APPROPRIATE INFORMATION BEEN PROVIDED AND APPLICATIONS COMPLETED, THIS AMOUNT WOULD HAVE BEEN CONSIDERED CHARITY CARE BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR FINANCIAL STATEMENT NOTE THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE-OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COST IS BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES & REGULATIONS SET FORTH BY CMS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B HOWEVER, WE FOLLOW THE "MN ATTORNEY GENERAL AGREEMENT" GUIDELINES REGARDING DEBT COLLECTION

Identifier	ReturnReference	Explanation
STEVENS COMMUNITY MEDICAL CENTER		PART V, SECTION B, LINE 11H FEDERAL GUIDELINES AND MINNESOTA ATTORNEY GENERAL AGREEMENT PERCENTAGE DISCOUNTS

Identifier	ReturnReference	Explanation
STEVENS COMMUNITY MEDICAL CENTER		PART V, SECTION B, LINE 13G WE ALSO POST FINANCIAL ASSISTANT CONTACT INFORMATION FOR PERSONS INTERESTED IN APPLYING FOR CHARITY CARE AND/OR MEDICAID IN PATIENT COMMON AREAS LIKE REGISTRATION, WAITING AREAS, PHYSICIAN ROOMS AND BY THE BUSINESS OFFICE WINDOW

Identifier	ReturnReference	Explanation
STEVENS COMMUNITY MEDICAL CENTER		PART V, SECTION B, LINE 15E COLLECTION ACTIONS PERMITTED UNDER THE HOSPITAL FACILITY'S POLICY INCLUDE REFERRAL TO COLLECTIONS FOR PATIENTS NOT MAKING PAYMENTS, BAD ADDRESSES, ETC OUTSIDE COLLECTIONS AGENCY MAY MAKE DETERMINATIONS TO SEND ACCOUNTS FOR LEGAL REFERRAL THAT MAY INVOLVE GARNISHMENT OF WAGES

Identifier	ReturnReference	Explanation
STEVENS COMMUNITY MEDICAL CENTER		PART V, SECTION B, LINE 19D THE HOSPITAL USES THE MINNESOTA ATTORNEY GENERAL AGREEMENT DISCOUNT

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MANY OF OUR DEPARTMENT HEADS ARE MEMBERS OF OTHER BOARDS OR ORGANIZATIONS THROUGHOUT THE COMMUNITY THESE INCLUDE THE CHAMBER OF COMMERCE, THE MORRIS AREA COMMUNITY DEVELOPMENT COMMITTEE, AND MORRIS AREA CHILD CARE CENTER IN ADDITION TO OTHERS THE INFORMATION OBTAINED FROM PARTICIPATING IN THESE COMMITTEES IS UTILIZED TO CONTINUALLY ASSESS THE APPROPRIATENESS OF EXISTING SERVICES AND THE NEED FOR POTENTIAL NEW AREAS OF HEALTH RELATED OPPORTUNITIES CONFERENCE COMMITTEE MEETINGS ARE ALSO USED TO GET INPUT FROM ALL EMPLOYEES, WHO ARE ALSO CONSUMERS OF OUR SERVICES, REGARDING AREAS OF POTENTIAL GROWTH

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 STEVENS COMMUNITY MEDICAL CENTER PROVIDES A COPY OF OUR CHARITY GUIDELINES AND FINANCIAL ASSISTANCE CONTACT INFORMATION TO INTERESTED PATIENTS AS PART OF OUR INTAKE/SCREENING PROCESS, SELF-PAY PATIENTS (PARTICULARLY INPATIENTS) ARE ASKED IF THEY HAVE FINANCIAL CONCERNS AND ARE REFERRED TO A FINANCIAL COUNSELOR THEREAFTER IF A NEED IS DISCOVERED A VARIETY OF TOOLS ARE USED TO DETERMINE POTENTIAL NEEDS THROUGH THE REGISTRATION, PRIOR AUTHORIZATION, AND BILLING PROCESSES - SOCIAL WORKER'S REFERRAL, IDENTIFICATION OF UNINSURED OR UNDERINSURED STATUS, AND/OR A PREVIOUS HISTORY OF INABILITY TO PAY WE ALSO POST FINANCIAL ASSISTANT CONTACT INFORMATION FOR PERSONS INTERESTED IN APPLYING FOR CHARITY CARE AND/OR MEDICAID IN PATIENT COMMON AREAS LIKE REGISTRATION, WAITING AREAS, PHYSICIAN ROOMS AND BY THE BUSINESS OFFICE WINDOW IN ADDITION, IF PAYMENTS ARE NOT BEING MADE AFTER 2-3 STATEMENTS HAVE BEEN SENT, A FINANCIAL COUNSELOR WILL CALL TO INFORM THE PATIENT OF THEIR OPTIONS AT THAT TIME, WE WOULD SEND OUT AN APPLICATION FOR CHARITY CARE, DISCUSS WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS, AND ASSIST THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, WHERE APPLICABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 STEVENS COMMUNITY MEDICAL CENTER SERVES THE COUNTY OF STEVENS INCLUDING THE TOWNS OF MORRIS, DONNELLY, HANCOCK, CHOKIO AND ALBERTA WE ALSO SERVE AREAS OF POPE, SWIFT, TRAVERSE, GRANT, BIG STONE AND, WITH OUR DERMATOLOGY, ALLERGY, AND THERAPY CLINIC IN NEW LONDON, KANDIYOHI COUNTY WE ANTICIPATE THE TOTAL PRIMARY SERVICE AREA TO BE APPROXIMATELY 15,000, WITH A SECONDARY MARKET OF AN ADDITIONAL 20,000 THE SERVICE AREA IS PRIMARILY RURAL, WITH A STRONG AGRICULTURAL BASE WE ARE ALSO FORTUNATE TO HAVE A UNIVERSITY PRESENCE WITH THE UNIVERSITY OF MINNESOTA, MORRIS APPROXIMATELY 63% OF OUR INPATIENTS ARE MEDICARE AND/OR MEDICARE HMO AND ANOTHER 9% ARE MEDICAID AND/OR MN CARE THERE ARE THREE HOSPITALS IN THE AREA THAT ARE LARGER THAN SCMC LOCATED IN TOWNS 50 MILES FROM MORRIS IN DIFFERENT DIRECTIONS THERE ARE ALSO HOSPITALS IN BENSON, WHEATON, GRACEVILLE, GLENWOOD, ELBOW LAKE AND APPLETON, ALL OF WHICH ARE WITHIN A 30 MILES RADIUS OF MORRIS WE ARE CONSIDERED A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA FOR MENTAL HEALTH SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE COMMUNITY HEALTH SERVICE ACTIVITIES ARE DESIGNED TO COMPLEMENT THE IDENTIFIED HEALTH NEEDS IN OUR AREA SOME OF THE SPECIFIC REPORTED SERVICES, SUCH AS MEN'S AND WOMEN'S HEALTH NIGHTS, HAVE EDUCATED THE PUBLIC ON PREVENTATIVE HEALTH INITIATIVES AND HAVE ALSO IDENTIFIED PREVIOUSLY UNDETECTED HEALTH RISK FACTORS FOR PARTICIPANTS THIS IS ALSO TRUE OF THE DIABETES PRESENTATIONS TO LOCAL SERVICE GROUPS AND OUR ANNUAL DIABETES HEALTH AWARENESS NIGHT MUCH OF THE EMPHASIS ASSOCIATED WITH THESE EVENTS IS TOWARD PREVENTION AND EARLY DETECTION WE ARE ALSO ACUTELY AWARE OF THE FACT THAT A LARGE PERCENTAGE OF THE POPULATION WE SERVE ARE SENIOR CITIZENS AND VALUE THE BENEFIT OF THE FREE TRANSIT SERVICES WE PROVIDE FOR CLINIC APPOINTMENTS CHARITY CARE IS ALSO PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE SCMC PROGRAMS AND INFORMATION OFFERED THROUGHOUT THE YEAR BASED ON ACTIVITIES AND SERVICES WHICH SCMC BELIEVES WILL SERVE A BONA FIDE COMMUNITY NEED THESE INCLUDE VARIOUS BROCHURES TO EDUCATE PATIENTS, STAFF SPEAKING FOR A VARIETY OF COMMUNITY EVENTS INCLUDING SCMC SPONSORED "HEALTH NIGHTS", ELDERLY AND ADULT EDUCATION, SPONSORING A SMOKING CESSATION PROGRAM AND A VARIETY OF OTHER "WELLNESS" TYPE PROGRAMS AT SUBSIDIZED COST, PROVIDING MEETING FACILITIES FOR VARIOUS COMMUNITY GROUPS, OFFERING SUPPORT GROUPS, AND PROVIDING ASSISTANCE TO EDUCATORS THROUGH OUR WORK WITH STUDENT NURSES AS DESCRIBED EARLIER, STEVENS COMMUNITY MEDICAL CENTER HAS A COMMUNITY BOARD OF DIRECTORS MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY WE ALSO OWN AND OPERATE AN ADULT FOSTER CARE FACILITY WHICH SPECIALIZES IN THE TERMINALLY ILL THIS IS CURRENTLY SUBSIDIZED BY COMMUNITY DONATIONS ALL OUR EMPLOYED PHYSICIANS ATTEND SEVERAL EDUCATIONAL OPPORTUNITIES, AS DO THE BALANCE OF OUR LICENSED AND PROFESSIONAL STAFF EVERY DOLLAR GENERATED IN EXCESS OF EXPENSES AT SCMC IS REINVESTED IN THE ORGANIZATION TO IMPROVE THE SERVICES OFFERED TO THE COMMUNITIES WE SERVE THIS INCLUDES EFFECTIVELY FUNDING THE DEPRECIATION OF OUR BUILDING AND EQUIPMENT

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	MN

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) REGIONAL FITNESS CENTER600 E 4TH ST MORRIS,MN 56267	41-1952502		10,000				OPERATIONS PLEDGE AND POOL SUPPORT FOR PHYSICAL THERAPY USAGE

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 1

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION MAKES DONATIONS TO OTHER ORGANIZATIONS EXEMPT UNDER 501(C)(3) AND GOVERNMENT ENTITIES TO ENSURE THE FUNDS WILL BE USED FOR CHARITABLE PURPOSES

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☐ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**	Yes	
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) OLYN WERNSING MD	(i)	151,053	26,821	23,144	15,897	17,100	234,015	0
	(ii)	0	0	0	0	0	0	0
(2) KIM TATSUMI MD	(i)	152,048	32,893	20,059	16,372	19,196	240,568	0
	(ii)	0	0	0	0	0	0	0
(3) JOAN LUNZER MD	(i)	213,328	1,571	453	15,856	16,446	247,654	0
	(ii)	0	0	0	0	0	0	0
(4) JOHN RAU	(i)	245,316	0	27,564	18,987	21,939	313,806	0
	(ii)	0	0	0	0	0	0	0
(5) KERRIE MCEVILLY	(i)	116,093	16,101	4,774	10,540	15,497	163,005	0
	(ii)	0	0	0	0	0	0	0
(6) ANDREA GIAMBI DO	(i)	145,296	450,352	18,822	18,987	5,226	638,683	0
	(ii)	0	0	0	0	0	0	0
(7) MICHAEL HOLTE MD	(i)	593,839	33,152	20,646	14,700	19,414	681,751	0
	(ii)	0	0	0	0	0	0	0
(8) RANDELL LUSSENDEN	(i)	125,511	296,305	2,851	18,987	11,928	455,582	0
	(ii)	0	0	0	0	0	0	0
(9) JACK MUTNICK MD	(i)	163,441	425,827	13,561	12,862	19,110	634,801	0
	(ii)	0	0	0	0	0	0	0
(10) JAMES GREEN MD	(i)	573,327	42,876	30,565	12,862	9,092	668,722	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
	PART I, LINE 5	THE PHYSICIANS ARE ELIGIBLE TO RECEIVE QUARTERLY INCENTIVE COMPENSATION BASED ON THEIR PERSONAL GROSS REVENUE PRODUCTION FOR NON-ANCILLARY SERVICES, ACCORDING TO THE TERMS OF THEIR CONTRACTS THE CRNA ALSO RECEIVES QUARTERLY BONUSES CONTINGENT ON THE SERVICES HE PROVIDES TO PATIENTS OF SCMC

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CITY OF MORRIS STEVENS COUNTY MINNESOTA	41-6005393		08-29-2006	7,000,000	FINANCE APPROX 23000 SQ FT ADDN, REFINANCE NOTE SERIES 1998-ISSUED 12/10/98		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	993,833			
2	Amount of bonds defeased				
3	Total proceeds of issue	7,000,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow	1,327,349			
7	Issuance costs from proceeds	107,268			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	5,565,383			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?	X							

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493228029572

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
STEVENS COMMUNITY MEDICAL CENTER

Employer identification number
36-3311936

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 8B	THE ORGANIZATION DOES NOT HAVE ANY COMMITTEES WITH AUTHORITY TO ACT ON BEHALF OF THE GOVERNING BOARD
	FORM 990, PART VI, SECTION B, LINE 11	PRIOR TO FILING, THE 990 IS REVIEWED IN DETAIL BY THE FINANCE DIRECTOR AND PRESIDENT/CEO THE BOARD OF DIRECTORS IS GIVEN THE OPPORTUNITY TO REVIEW A COPY PRIOR TO FILING A COPY OF THE FORM 990 IS ATTACHED TO THE STATE FILING THE STATE FILING REQUIRES A BOARD RESOLUTION APPROVING THE FILING DURING THAT TIME THE BOARD IS BRIEFED ON INFORMATION CONTAINED WITHIN THE FORM 990
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION HAS TWO CONFLICT OF INTEREST POLICIES - ONE THAT COVERS OFFICERS AND DIRECTORS AND ONE THAT COVERS OTHER MANAGEMENT STAFF (INCLUDING OTHER KEY EMPLOYEES, IF APPLICABLE) POTENTIAL CONFLICTS IDENTIFIED BY OFFICERS AND DIRECTORS ARE REVIEWED BY THE REMAINING BOARD MEMBERS, THOSE IDENTIFIED BY MANAGEMENT ARE REVIEWED BY THE PRESIDENT/CEO OFFICERS AND DIRECTORS ARE TO ABSTAIN FROM VOTING ON ANY SUCH MATTER WHERE THEY HAVE A POTENTIAL CONFLICT OF INTEREST THE PRESIDENT/CEO EVALUATES EACH POTENTIAL CONFLICT IDENTIFIED BY MANAGEMENT ON AN INDIVIDUAL BASIS IN ORDER TO DETERMINE THE APPROPRIATE RESTRICTIONS TO PUT IN PLACE
	FORM 990, PART VI, SECTION B, LINE 15A	SCMC PARTICIPATES IN THE MN HOSPITAL ASSOCIATION COMPENSATION SURVEY AS WELL AS REFERS TO A COMPENSATION REVIEW THAT INCLUDES 49 HOSPITALS IN MN IN ADDITION, SCMC HAS HIRED A COMPENSATION CONSULTANT TO REVIEW THE CEO SALARY ON OCCASION THE BOARD ENTERED INTO A 5-YEAR COMPENSATION CONTRACT WITH THE CEO AT THE BEGINNING OF 2010, WHICH FIXED HIS SALARY FOR THAT LENGTH OF TIME, BASED ON MARKET ANALYSIS THE PRESIDENT/CEO REVIEWS SALARY RANGES FOR OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION ON AN ANNUAL BASIS SCMC RECEIVES AN ANNUAL ASSESSMENT FROM MERRITT-HAWKINS (A RECRUITING FIRM) REGARDING COMPENSATION RANGES FOR PRIMARY CARE AND SPECIALTY PHYSICIANS THIS INFORMATION IS SPECIFIC TO DIFFERENT GEOGRAPHIC REGIONS, AS WELL AS FOR GROUPS VERSUS PRIVATE PRACTICES THE PRESIDENT/CEO ALSO REVIEWS THE AMGA (AMERICAN MEDICAL GROUP ASSOCIATION) COMPENSATION SURVEY FOR PHYSICIAN COMPENSATION AND THE MHA (MINNESOTA HOSPITAL ASSOCIATON) COMPENSATION SURVEY FOR THE DIRECTOR OF FINANCE COMPENSATION ANNUALLY
	FORM 990, PART VI, SECTION C, LINE 19	THE AUDITED FINANCIAL STATEMENTS, GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST THE AUDITED FINANCIAL STATEMENTS ARE ALSO ATTACHED TO THE FORM 990
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	AUXILIARY CONTRIBUTION ELIMINATED FOR TAX 5,145 AUXILIARY ACTIVITY INCLUDED FOR TAX -2,037 TOTAL TO FORM 990, PART XI, LINE 5 3,108

Financial Statements
December 31, 2011 and 2010

Stevens Community Medical Center

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Stevens Community Medical Center
Morris, Minnesota

We have audited the accompanying balance sheets of Stevens Community Medical Center (Medical Center) as of December 31, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stevens Community Medical Center as of December 31, 2011 and 2010, and the results of its operations and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Minneapolis, Minnesota
May 14, 2012

US Bancorp Center 800 Nicollet Mall, Ste 1300 Minneapolis, MN 55402-7033 · T 612 253 6500 | F 612 253 6600 | EOE

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 5,609,514	$ 8,705,816
Receivables		
Patient, net of estimated uncollectibles of $3,303,000 in 2011 and $3,856,000 in 2010	6,716,668	7,135,454
Estimated third-party payor settlements	30,000	-
Other	54,953	329,887
Supplies	1,160,517	1,121,681
Prepaid expenses	338,974	345,037
Total current assets	13,910,626	17,637,875
Assets Limited as to Use		
By Board for capital improvements	13,174,793	12,291,055
By donors	111,392	92,625
Total assets limited as to use	13,286,185	12,383,680
Property and Equipment, Net	16,463,425	18,031,002
Deferred Financing Costs, Net of Accumulated Amortization of $58,620 in 2011 and $48,850 in 2010	156,320	166,090
Total assets	$ 43,816,556	$ 48,218,647

See Notes to Financial Statements

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 516,026	$ 444,664
Accounts payable		
Trade	595,336	1,347,898
Construction	-	6,009
Estimated third-party payor settlements	-	166,000
Accrued expenses		
Paid time-off	1,405,977	1,300,509
Salaries and wages	1,047,558	946,492
Pension	898,611	840,902
Interest	7,270	3,041
Payroll taxes and other	211,477	162,496
Reserve for self-funded health insurance	276,000	224,000
Total current liabilities	4,958,255	5,442,011
Long-term Debt, Less Current Maturities	6,802,641	12,202,653
Total liabilities	11,760,896	17,644,664
Net Assets		
Unrestricted	31,944,268	30,481,358
Temporarily restricted	111,392	92,625
Total net assets	32,055,660	30,573,983
Total liabilities and net assets	$ 43,816,556	$ 48,218,647

Stevens Community Medical Center
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	$ 37,380,273	$ 36,963,674
Other revenue	164,609	153,785
Net assets released from restrictions for operations	137,804	84,626
Total unrestricted revenues, gains, and other support	37,682,686	37,202,085
Expenses		
Salaries	17,673,463	16,718,552
Professional fees	3,740,140	3,702,790
Supplies	4,509,512	4,144,000
Employee benefits	3,859,047	3,492,015
Depreciation and amortization	2,102,441	2,233,085
Interest	506,615	578,557
Utilities	420,409	423,572
Provision for bad debts	695,755	995,432
Repairs and maintenance	428,551	423,331
Minnesota Care tax	570,303	563,419
Purchased services	502,075	546,822
Insurance	423,324	412,231
Rent	318,312	212,399
Other	759,433	897,573
Total expenses	36,509,380	35,343,778
Operating Income	1,173,306	1,858,307
Other Income (Losses)		
Investment income	285,695	355,899
Unrestricted gifts	5,245	10,370
Gain (loss) on disposal of equipment	(1,336)	5,937
Other income, net	289,604	372,206
Revenues in Excess of Expenses and Increase in Unrestricted Net Assets	1,462,910	2,230,513
Temporarily Restricted Net Assets		
Contributions for specific purposes	156,571	102,662
Net assets released from restrictions	(137,804)	(84,626)
Increase in temporarily restricted net assets	18,767	18,036
Increase in Net Assets	1,481,677	2,248,549
Net Assets, Beginning of Year	30,573,983	28,325,434
Net Assets, End of Year	$ 32,055,660	$ 30,573,983

	2011	2010
Operating Activities		
Change in net assets	$ 1,481,677	$ 2,248,549
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,092,671	2,223,315
Amortization	9,770	9,770
Provision for bad debts	695,755	995,432
Contributions for specific purposes	(156,571)	(102,662)
(Gain) loss on disposal of equipment	1,336	(5,937)
Changes in assets and liabilities		
Receivables	(32,035)	(1,229,060)
Supplies	(38,836)	18,198
Prepaid expenses	6,063	(22,351)
Accounts payable	(918,562)	738,263
Accrued expenses	369,453	53,818
Net Cash from Operating Activities	3,510,721	4,927,335
Investing Activities		
Purchase of investments	(12,847,474)	(3,554,298)
Proceeds from sale of investments	11,944,969	4,103,089
Proceeds from sale of property and equipment	500	38,070
Purchase of property and equipment, net of construction payables	(532,939)	(2,161,672)
Net Cash used for Investing Activities	(1,434,944)	(1,574,811)
Financing Activities		
Repayment of long-term debt	(5,328,650)	(712,975)
Contributions for specific purposes	156,571	102,662
Net Cash used for Financing Activities	(5,172,079)	(610,313)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,096,302)	2,742,211
Cash and Cash Equivalents, Beginning of Year	8,705,816	5,963,605
Cash and Cash Equivalents, End of Year	$ 5,609,514	$ 8,705,816
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 502,386	$ 589,311

Note 1 - Organization and Significant Accounting Policies

Organization

Stevens Community Medical Center (Medical Center) operates a 25-bed acute-care hospital and clinics located in Morris, New London, and Starbuck, Minnesota.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient Receivables

Patient receivables are uncollateralized customer and third-party payor obligations. The Medical Center does not charge interest on its patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets restricted by donors.

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

Land improvements	5-25 years
Building	5-50 years
Fixed equipment	10-33 years
Major movable equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method.

Investments and Investment Income

Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities.

Fair Value Measurements

The Medical Center has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles which provides a framework for measuring fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Self Insurance Reserves

The Medical Center provides for self-insurance reserves for estimated incurred but not reported claims for its employee health insurance program. These reserves, which are included in current liabilities on the balance sheets, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Income Taxes

The Medical Center is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Medical Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Medical Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. As of December 31, 2011 the Medical Center was not liable for any unrelated business income taxes.

The Medical Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Medical Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity. At December 31, 2011 and 2010, the Medical Center did not have any permanently restricted net assets.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Donor-restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statement of operations.

Advertising Costs

The Medical Center expenses advertising costs as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Reclassifications have been made to the December 31, 2010 financial information to make it conform to the current year presentation. The reclassification had no effect on previously reported changes in net assets.

Note 2 - Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone for services provided under the Medical Center's charity care policy were approximately $742,190 and $802,178 for the years ended December 31, 2011 and 2010.

The Medical Center also provides services to the community free of charge or at cost. Management has estimated the total cost of these programs, net of any applicable revenue (unaudited) as follows at December 31, 2011 and 2010.

	2011	2010
Charity care (at cost)	$ 429,954	$ 458,398
Other care provided without compensation (bad debts)	652,755	995,432
Community benefits (unaudited)		
Cost in excess of Medicaid payments	1,096,325	1,052,234
Cost in excess of other means tested government program payments	827,939	685,272
Education and workforce development and research	10,359	15,538
Community support	20,097	26,656
Community building and other community benefit costs	8,333	9,066
Community health services costs	124,398	141,306
Taxes and fees	69,291	66,900
Total value of community contributions	$ 3,239,451	$ 3,450,802

Note 3 - Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Medical Center is licensed as a Critical Access Medical Center (CAH). The Medical Center is reimbursed for most acute care services at cost plus 1% with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare intermediary. The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended December 31, 2009. Clinical services are paid on a fixed fee schedule.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services related to Medicaid program beneficiaries are paid based on allowable cost as determined through the Medical Center's Medicare Cost Report, less adjustments for legislative reductions, or rates as established by the Medicaid program. The Medical Center is reimbursed at a tentative rate with final settlement determined by the program based on the Medical Center's final Medicare Cost Report. Clinical services are paid on a fixed fee schedule.

Blue Cross: Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per disclosure and/or at a discount from established charges. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to retroactive adjustment. Clinical services are paid on a fixed fee schedule.

The Medical Center has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 2% of the Medical Center's net patient service revenue for the year ended December 31, 2011 and 31% and 2% for the year ended December 31, 2010. Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended December 31, 2011 and 2010 increased approximately $117,890 and $601,300 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

A summary of patient service revenue and contractual adjustments for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Total patient service revenue	$ 60,394,031	$ 57,965,376
Contractual adjustments		
Medicare	(10,454,699)	(9,727,621)
Medicaid	(4,430,919)	(4,006,883)
Blue Cross	(2,321,868)	(2,039,126)
Other commercial insurances	(5,806,272)	(5,228,072)
Total contractual adjustments	(23,013,758)	(21,001,702)
Net patient service revenue	$ 37,380,273	$ 36,963,674

Note 4 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2011 and 2010 is shown in the following table. Repurchase agreements are recorded at cost plus accrued interest and government obligations are recorded at cost.

	2011	2010
By Board for capital improvements		
Cash and cash equivalents	$ 7,857,480	$ 3,446,768
Repurchase agreements	1,308,861	4,835,736
Government obligations	4,008,452	4,008,551
	$ 13,174,793	$ 12,291,055
By donors		
Cash and cash equivalents	$ 111,392	$ 92,625

Investment Income

Investment income and gains and losses on assets limited as to use and cash and cash equivalents consists of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Other income (losses)		
Investment income	$ 285,695	$ 355,899

Note 5 - Property and Equipment

A summary of property and equipment at December 31, 2011 and 2010 follows:

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 262,917	$ -	$ 195,776	$ -
Land improvements	286,499	197,380	286,499	176,503
Building	19,063,734	7,807,787	19,063,734	6,955,023
Fixed equipment	634,167	304,915	634,167	272,338
Major movable equipment	12,790,996	8,354,873	12,422,888	7,205,319
Construction in progress	90,067	-	37,121	-
	$ 33,128,380	$ 16,664,955	$ 32,640,185	$ 14,609,183
Net property and equipment		$ 16,463,425		$ 18,031,002

Construction in progress at December 31, 2011 represents costs relating to the expansion of the clinic. Remaining costs to complete the project at December 31, 2011 are approximately $540,000.

Note 6 - Leases

The Medical Center leases certain equipment under noncancelable long-term lease agreements which are recorded as operating leases. Total lease expense for the years ended December 31, 2011 and 2010 for all operating leases was $318,312 and $212,399, respectively.

Minimum future lease payments for operating leases are as follows:

Year Ending December 31,	Amount
2012	$ 213,333
2013	191,286
2014	25,102
Total minimum lease payments	$ 429,721

Note 7 - Long-term Debt

Long-term debt consists of the following at December 31, 2011 and 2010:

	2011	2010
4.91% Health Care Facilities Revenue Note, Series 2006A and 2006B, due in monthly installments of $82,885 including interest, to August 2027, secured by property and equipment. The interest rate will be adjusted in August 2016.	$ 6,006,167	$ 11,247,317
Note payable to Minnesota Department of Health, noninterest bearing, payable in quarterly installments of $87,500 starting January 2012 to October 2015, unsecured.	1,312,500	1,400,000
	7,318,667	12,647,317
Less current maturities	(516,026)	(444,664)
Long-term debt, less current maturities	$ 6,802,641	$ 12,202,653

Long-term debt maturities are as follows:

Year Ending December 31,	Amount
2012	$ 516,026
2013	623,274
2014	637,193
2015	651,821
2016	316,502
Thereafter	4,573,851
Total	$ 7,318,667

Note 8 - Retirement Plans

The Medical Center has a money purchase pension plan covering all employees with one year of service, over 21 years old, and working more than 1,000 hours during the plan year. The Medical Center contributes from 3.25% to 5.75% of employee compensation depending on length of service. The Medical Center also has a 403(b) matched savings plan. Employee contributions are matched 50% by the Medical Center up to 4% of employee compensation. Total retirement plan expense was $925,894 and $863,675 for the years ended December 31, 2011 and 2010.

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2011 and 2010:

	2011	2010
Capital improvements	$ 22,789	$ 21,104
Other	88,603	71,521
	$ 111,392	$ 92,625

In 2011 and 2010, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of $137,804 and $84,626, respectively. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 10 - Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at December 31, 2011 and 2010 was as follows:

	2011	2010
Medicare	27%	36%
Commercial insurance	37%	30%
Medicaid	5%	7%
Other third-party payors and patients	31%	27%
	100%	100%

The Medical Center is subject to collective bargaining agreements for approximately 14% of its labor force. The agreement for the Minnesota Nurses Association union will expire December 31, 2014. The agreement for the AFSCME/Minnesota Licensed Practical Nurses Association union will expire May 31, 2013.

Note 11 - Functional Expenses

The Medical Center provides health care services to residents within its geographical location. Expenses related to providing these services by functional class for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Patient health care services	$ 30,455,805	$ 29,730,796
General and administrative	6,053,575	5,588,895
Fundraising	-	24,087
	$ 36,509,380	$ 35,343,778

Note 12 - Contingencies

Malpractice Insurance

The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an aggregate limit of $3 million. The Medical Center also has a $10 million umbrella policy. Should the claims made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

Litigations, Claims, and Other Disputes

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the financial position of the Medical Center.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretations, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 13 - Subsequent Events

The Medical Center has evaluated subsequent events through May 14, 2012, the date which the financial statements were available to be issued.